

TexasOnline 2.0 BUSINESS MODEL FORECAST

Appendix E.5 Instructions for Completing Strategic Requirements

This worksheet is for information purposes only.

General Instructions for E.5-Strategic Requirements (All Worksheets)

IMPORTANT INSTRUCTIONS: Completion of E.5-Strategic Requirements is a mandatory requirement of the RFO. A full and fair evaluation of the Vendor Offer cannot be completed without full and complete information provided in all worksheets.

For the following worksheets, the Vendor will provide a best estimate of revenues, costs, and capital investments that are consistent with and supported by plans in the Offer. Satisfactory completion of Appendix E.5 requires the Vendor to complete and submit estimates for all worksheets. A worksheet for RFO Section 2.4.3.3, Extensible Architecture, is not required.

Worksheet E.5(a)-Federated ID Management (Section 2.4.3.1)

Worksheet E.5(b)-Application Marketplace (Section 2.4.3.2)

Worksheet E.5(c)-Financial Processing System (Section 2.4.3.4)

Worksheet E.5(d)-Personalized User Accounts (Section 2.4.3.5)

Worksheet E.5(e)-Published Specifications/SDK (Section 2.4.3.6)

Worksheet E.5(f)-Geographic Information Systems and Web Services (Section 2.4.3.7)

The E.5 Summary worksheet is a summary of the six separate worksheets representing the total financial estimates for meeting the Strategic Requirements identified in Section 2.4.3 of the RFO.

The information provided in all worksheets will be combined with other worksheets for evaluation purposes. It is critical that the Vendor does not change the format of this worksheet. Information must be submitted exactly as requested for the Vendor Offer to be considered in compliance.

ESTIMATES ARE BASED IN FISCAL YEARS. It is important to note that estimates must follow the State's fiscal year budget cycle, which for fiscal year 2010 (FY2010), begins September 1, 2009. Since the Texas Online 2.0 contract begins January 1, 2010, the first estimates for FY2010 (Column C) cover the 8-month period from January 1, 2010 through August 31, 2010. From then on, the annual estimates of the Vendor will coincide with the State's fiscal year budget cycle until August 31, 2016. Although the contract allows for two 1-year optional periods, the worksheet only requires inputs until the end of FY2016.

Specific Instructions for E.5 Strategic Requirements Worksheets

Revenues (Lines 6-7): For each specific Strategic Requirement, provide both transaction and service revenues (in dollar terms) expected for each of the fiscal years identified. ***If Revenues are associated with one or more Strategic Requirements, indicate this clearly in the narrative response in the Financial Plan.*** Do not include the Revenues for Portal Enhancements or Opportunities for Distinction. These must be accounted for separately in Worksheets E.4 and E.6, respectively.

Total All Costs (Line 39): The Total All Costs line provides a summary of all cost estimates supported by plans for a specific Strategic Requirement. Total cost is the addition of four components: Variable Costs, 20% State Share of Total Revenue, Labor/Non-Labor Operations Costs, and Depreciation Costs. ***For costs that are shared across one or more Strategic Requirements, indicate this clearly in the narrative response in the Financial Plan.***

Note: The First Renewal Agreement (p.5) in Appendix F.6(c) defines "costs" as "all costs, expenditures, and expenses either related to capitalized assets or operations as further defined and computed by Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB)."

Do not include the costs expected to be incurred for Portal Enhancements or Opportunities for Distinction. These must be accounted for separately.

Following are additional instructions for completing Worksheet E.5.

Variable Costs (Lines 11-14): Expenses that vary in direct proportion to the volume of business (e.g., number of transactions). Variable Costs may include fees paid for credit card processing, etc. For other variable costs not identified, input the estimate in the "Other" field (Line 14). In the narrative response, clearly describe the costs included in the "Other" category.

20% State Share of Total Revenue (Line 17): The business model (base case) requires TexasOnline 2.0 to pay a 20 percent share of Total Revenues to the State, net of credit card fees. This expense is calculated automatically in the worksheet.

Total Labor/Operations Costs (Line 25): The sum of all costs for Labor and Non-Labor Operations costs.

- Labor Costs (Line 20-24): Provide salary and wage expenses (in dollars) for personnel organized along the five departments as defined in E.1.
- Non-Labor Operations Costs (Line 28-33): Provide estimates for key operational cost areas that are not related to labor.
 - Data Center (Line 28): As covered in Section 2.6.4, the Data Center operations for TexasOnline 2.0 will be provided as a service by Team for Texas. To understand the scope and estimate costs for the Data Center operations, refer to F.5-Data Center Services Reference Materials, for additional information.
 - TEX-AN (Line 29): TexasOnline 2.0 is required to purchase its telecommunications services from the TEX-AN NG contracts. As of the date of this publication, the TEX-AN NG contracts are not available for Vendors to use in their projections. The Vendor will use the actual TexasOnline network services cost from fiscal year 2008, which was \$174,861, as the cost for each year of the Initial Term of the Agreement. The TEX-AN cost is for information purposes only and does not reflect any forward-looking description of anticipated usage.
 - Software Licensing (Line 30): Represents the installation and ongoing maintenance license fees for all general management and application-specific software. This does not include the cost of systems software and other software provided by the Data Center Schedule (Appendix F.5). Software Licensing costs associated with Capital Investments, such as for Infrastructure or New Applications, should not be included in this line.
 - Non-Data Center Hardware (Line 31): Vendor may invest in computer hardware and other equipment that is not within the scope of Data Center operations.
 - Marketing/Promotions (Line 32): The Vendor may incur costs related to developing communications collateral, promotional materials, advertising, and other marketing services that are required by plans to reach new and existing customers.
 - Other Operational Costs (Line 33): Any additional non-labor costs that have not been identified above should be put in this cost area. The Vendor will provide an explanation of these costs in the Financial Plan response per Section 3.6 of the RFO.

Depreciation (Line 36): Vendor must estimate the depreciation expense related to investment in Capital Assets (Lines 46-47) in accordance with GAAP.

Capital Investment (Lines 43-44): The Vendor will estimate planned expenditures throughout the base contract period for Capital Investment associated with a specific Strategic Requirement. Capital Investments refers to money invested that is used to purchase fixed assets or in the development of a new application or service, rather than used to cover the business' day-to-day operating expenses. For the purposes of this Statement of Operations, Capital Investments are categorized as either investments in Internal Infrastructure or New Application Development. For capital investments that are shared across one or more Strategic Requirements, indicate this clearly in the narrative response of the Financial Plan.

The First Renewal Agreement (p.5) in Appendix F.6(c) defines "capital assets" as "long-term assets with a depreciable life of at least one year and a cost of at least \$5,000, generally including assets such as land, buildings, fixtures, and equipment."

Do not include the Capital Investments for Portal Enhancements or Opportunities for Distinction. These must be accounted for separately in Worksheets E.4 and E.6, respectively.

Available Contribution for Investment Recovery and Net Share (Line 47): The net amount (surplus or deficit) that Total Revenues exceed Total All Costs and Capital Investments on an annual basis. The net contribution surplus is applied toward the Vendor accrued Capital Investments until full recovery of investments is reached. Once the Breakeven point for the Vendor investment is reached, the Net Contribution dollars are available for a Net Share (50/50) distribution to the State and Vendor.

E.5 Strategic Requirements - SUMMARY

Statement of Operations

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues							
Transaction Revenue	-	-	-	-	-	-	-
Service Revenue	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Variable Costs							
Credit Card Fees	-	-	-	-	-	-	-
ePay/Transaction Processing	-	-	-	-	-	-	-
Call Center Support and DL IVR	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Variable Costs	-	-	-	-	-	-	-
20% State Share of Total Revenue	-	-	-	-	-	-	-
Labor Costs							
Management (General & Administrative)	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-
Product Development/Tech/Engineering	-	-	-	-	-	-	-
Marketing/Outreach	-	-	-	-	-	-	-
Help Desk/Customer Support	-	-	-	-	-	-	-
Total Labor Costs	-	-	-	-	-	-	-
Non-Labor Operations Costs							
Data Center	-	-	-	-	-	-	-
Texan Telecommunications	-	-	-	-	-	-	-
Software Licensing	-	-	-	-	-	-	-
Non-Data Center Hardware	-	-	-	-	-	-	-
Marketing/Promotion	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Non-Labor Operations Costs	-	-	-	-	-	-	-
Depreciation Costs	-	-	-	-	-	-	-
Total All Costs	-	-	-	-	-	-	-
Capital Investment							
New Application Development	-	-	-	-	-	-	-
Internal Infrastructure	-	-	-	-	-	-	-
Total Capital Investment	-	-	-	-	-	-	-
Available Contribution for Investment Recovery & Net Share	-	-	-	-	-	-	-

E.5(a) Strategic Requirements - Federated Identity Management

Statement of Operations

Revenues

Transaction Revenue
Service Revenue

Total Revenues

FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
-	-	-	-	-	-	-

Variable Costs

Credit Card Fees
ePay/Transaction Processing
Call Center Support and DL IVR
Other

Total Variable Costs

-	-	-	-	-	-	-

20% State Share of Total Revenue

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Labor Costs

Management (General & Administrative)
Operations
Product Development/Tech/Engineering
Marketing/Outreach
Help Desk/Customer Support

Total Labor Costs

-	-	-	-	-	-	-

Non-Labor Operations Costs

Data Center
Texan Telecommunications
Software Licensing
Non-Data Center Hardware
Marketing/Promotion
Other

Total Non-Labor Operations Costs

-	-	-	-	-	-	-

Depreciation Costs

--	--	--	--	--	--	--

Total All Costs

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Capital Investment

New Application Development
Internal Infrastructure

Total Capital Investment

-	-	-	-	-	-	-

Available Contribution for Investment Recovery & Net Share

-	-	-	-	-	-	-
---	---	---	---	---	---	---

E.5(b) Strategic Requirements - Application Marketplace

Statement of Operations

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues							
Transaction Revenue							
Service Revenue							
Total Revenues	-	-	-	-	-	-	-
Variable Costs							
Credit Card Fees							
ePay/Transaction Processing							
Call Center Support and DL IVR							
Other							
Total Variable Costs	-	-	-	-	-	-	-
20% State Share of Total Revenue	-	-	-	-	-	-	-
Labor Costs							
Management (General & Administrative)							
Operations							
Product Development/Tech/Engineering							
Marketing/Outreach							
Help Desk/Customer Support							
Total Labor Costs	-	-	-	-	-	-	-
Non-Labor Operations Costs							
Data Center							
Texan Telecommunications							
Software Licensing							
Non-Data Center Hardware							
Marketing/Promotion							
Other							
Total Non-Labor Operations Costs	-	-	-	-	-	-	-
Depreciation Costs							
Total All Costs	-	-	-	-	-	-	-
Capital Investment							
New Application Development							
Internal Infrastructure							
Total Capital Investment	-	-	-	-	-	-	-
Available Contribution for Investment Recovery & Net Share	-	-	-	-	-	-	-

E.5(c) Strategic Requirements - Financial Processing System

Statement of Operations

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues							
Transaction Revenue							
Service Revenue							
Total Revenues	-	-	-	-	-	-	-
Variable Costs							
Credit Card Fees							
ePay/Transaction Processing							
Call Center Support and DL IVR							
Other							
Total Variable Costs	-	-	-	-	-	-	-
20% State Share of Total Revenue	-	-	-	-	-	-	-
Labor Costs							
Management (General & Administrative)							
Operations							
Product Development/Tech/Engineering							
Marketing/Outreach							
Help Desk/Customer Support							
Total Labor Costs	-	-	-	-	-	-	-
Non-Labor Operations Costs							
Data Center							
Texan Telecommunications							
Software Licensing							
Non-Data Center Hardware							
Marketing/Promotion							
Other							
Total Non-Labor Operations Costs	-	-	-	-	-	-	-
Depreciation Costs							
Total All Costs	-	-	-	-	-	-	-
Capital Investment							
New Application Development							
Internal Infrastructure							
Total Capital Investment	-	-	-	-	-	-	-
Available Contribution for Investment Recovery & Net Share	-	-	-	-	-	-	-

E.5(d) Strategic Requirements - Personalized User Accounts

Statement of Operations

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues							
Transaction Revenue							
Service Revenue							
Total Revenues	-	-	-	-	-	-	-
Variable Costs							
Credit Card Fees							
ePay/Transaction Processing							
Call Center Support and DL IVR							
Other							
Total Variable Costs	-	-	-	-	-	-	-
20% State Share of Total Revenue	-	-	-	-	-	-	-
Labor Costs							
Management (General & Administrative)							
Operations							
Product Development/Tech/Engineering							
Marketing/Outreach							
Help Desk/Customer Support							
Total Labor Costs	-	-	-	-	-	-	-
Non-Labor Operations Costs							
Data Center							
Texan Telecommunications							
Software Licensing							
Non-Data Center Hardware							
Marketing/Promotion							
Other							
Total Non-Labor Operations Costs	-	-	-	-	-	-	-
Depreciation Costs							
Total All Costs	-	-	-	-	-	-	-
Capital Investment							
New Application Development							
Internal Infrastructure							
Total Capital Investment	-	-	-	-	-	-	-
Available Contribution for Investment Recovery & Net Share	-	-	-	-	-	-	-

E.5(e) Strategic Requirements - Published Specifications/SDK

Statement of Operations

Revenues

Transaction Revenue
Service Revenue

Total Revenues

FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
-	-	-	-	-	-	-

Variable Costs

Credit Card Fees
ePay/Transaction Processing
Call Center Support and DL IVR
Other

Total Variable Costs

-	-	-	-	-	-	-

20% State Share of Total Revenue

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Labor Costs

Management (General & Administrative)
Operations
Product Development/Tech/Engineering
Marketing/Outreach
Help Desk/Customer Support

Total Labor Costs

-	-	-	-	-	-	-

Non-Labor Operations Costs

Data Center
Texan Telecommunications
Software Licensing
Non-Data Center Hardware
Marketing/Promotion
Other

Total Non-Labor Operations Costs

-	-	-	-	-	-	-

Depreciation Costs

--	--	--	--	--	--	--

Total All Costs

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Capital Investment

New Application Development
Internal Infrastructure

Total Capital Investment

-	-	-	-	-	-	-

Available Contribution for Investment Recovery & Net Share

-	-	-	-	-	-	-
---	---	---	---	---	---	---

E.5(f) Strategic Requirements - Geographic Information Systems and Web Services

Statement of Operations

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues							
Transaction Revenue							
Service Revenue							
Total Revenues	-	-	-	-	-	-	-
Variable Costs							
Credit Card Fees							
ePay/Transaction Processing							
Call Center Support and DL IVR							
Other							
Total Variable Costs	-	-	-	-	-	-	-
20% State Share of Total Revenue	-	-	-	-	-	-	-
Labor Costs							
Management (General & Administrative)							
Operations							
Product Development/Tech/Engineering							
Marketing/Outreach							
Help Desk/Customer Support							
Total Labor Costs	-	-	-	-	-	-	-
Non-Labor Operations Costs							
Data Center							
Texas Telecommunications							
Software Licensing							
Non-Data Center Hardware							
Marketing/Promotion							
Other							
Total Non-Labor Operations Costs	-	-	-	-	-	-	-
Depreciation Costs							
Total All Costs	-	-	-	-	-	-	-
Capital Investment							
New Application Development							
Internal Infrastructure							
Total Capital Investment	-	-	-	-	-	-	-
Available Contribution for Investment Recovery & Net Share	-	-	-	-	-	-	-